



**HAND DELIVERED AND
VIA E-MAIL**

May 2, 2007

WASTE MANAGEMENT

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Mr. Jesse Wesolowski
Wesolowski, Reidenbach & Fleming, S.C.
Attorneys at Law
11402 West Church Street
Franklin, WI 53132-0160

Re: Interim Expansion of Metro Recycling & Disposal Facility

Dear Mr. Wesolowski:

Waste Management proposes that the current Negotiated Agreement for the southeast expansion of Metro be amended and restated so that it pertains to the interim expansion that we have proposed to the Negotiating Committee. We have made this recommendation for three primary reasons, as discussed below:

1. The interim expansion is contiguous to the southeast expansion. The interim expansion will be attached to and become part of the southeast expansion for all intents and purposes. All of the infrastructure that supports the southeast expansion will support the interim expansion.
2. The direct payments to the Affected Municipalities can continue. Amending and restating the existing Agreement should result in the Negotiating Committee and Waste Management concluding negotiations with respect to the interim expansion quickly, thereby allowing Waste Management to continue the direct payments called for under the terms of the southeast expansion Agreement. As you know, the direct payments under the terms of the current Agreement (now approximately \$87,000 per month) will contractually end in May 2007. Continuing the direct payments for the three years of life remaining in the southeast expansion would result in a prepayment to the Affected Municipalities of approximately \$3,132,000 with respect to the interim expansion direct fees. We are proposing continuing the payments for three additional years, resulting in the total direct fees for the interim expansion of \$6,264,000.
3. The northern expansion involves issues that do not pertain to the interim expansion. This approach would correctly align discussions regarding such

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topics as the future ownership and use of the property Waste Management owns to the east of 112th Street to the negotiation of a northern expansion agreement.

Although Waste Management is proposing amending and restating the existing Agreement with respect to the southeast expansion to cover the interim expansion, we are prepared to move forward with negotiations that would pertain to any expansion to the west of 112th Street, if that is the Committee's desire. Given our past experiences in negotiating Agreements for the expansion of Metro, those discussions will likely extend over a considerable period of time.

A draft Amendment and Restatement of the current Agreement for the southeast expansion is attached for your review. We are prepared to provide materials to the Committee to prove that our proposal to continue direct payments for six years (three years during the remaining filling of the southeast expansion and three years thereafter) provides the Committee with host benefits attributable to the interim expansion equal to the host benefits paid by the Emerald Park Landfill.

We look forward to hearing from you with respect to the Committee's desires on how best to move forward.

Very truly yours,



Dennis M. Wilt
Vice President and General Counsel – Midwest Group

DMW/LK
Attachment

cc: Mike Hackney
Gerard Hamblin
Todd Hartman
Lynn Morgan
Dave Stewart

**AMENDMENT AND RESTATEMENT OF THE METRO LANDFILL
(SOUTHEAST EXPANSION) FINAL NEGOTIATED AGREEMENT**

This Amendment and Restatement of the Metro Landfill (Southeast Expansion) Final Negotiated Agreement ("Amendment") is made and entered into by and between and among Waste Management of Wisconsin, Inc., a Wisconsin corporation (hereinafter referred to as "Operator") and the City of Franklin, Town of Raymond, Town of Norway, City of Muskego, Waukesha County and Racine County, Wisconsin municipal corporations (hereinafter referred to as the "Affected Municipalities").

Recitals

1. On February 28, 2003, Waste Management sent to the Affected Municipalities a letter provided for under Section 289.33, Wis. Stats. regarding the commencement of negotiations for an expansion of the Metro Recycling & Disposal Facility ("Metro Landfill") onto properties both to the north of the current southeast expansion of Metro and properties located to the east of 112th Street.

2. The Negotiating Committee formed to represent the Affected Municipalities with respect to the proposed Metro expansion advised Waste Management on January 19, 2005 that it would not support an expansion to the east of 112th Street, preferring what has commonly been referred to as a "Northern Expansion" to the north of the existing Metro Landfill.

3. Since January 19, 2005, Waste Management has been developing and pursuing a comprehensive environmental greenbelt plan in order to facilitate obtaining the Wisconsin DNR's approval for a northern expansion, which would include the DNR's approval to fill and mitigate certain regulated wetland areas.

4. As a result of significant interaction with representatives from the Wisconsin DNR, including the Secretary, it has become apparent to Waste Management and the Affected Municipalities that obtaining the approval of the Northern Expansion by Wisconsin DNR, due to the wetlands issue, will be a much more time-consuming effort than initially anticipated.

5. Waste Management has identified an area where a limited extension of the current southeast expansion could be located, providing Waste Management with approximately three to three and one-half years of additional capacity (the "Interim Expansion").

6. Waste Management and the Affected Municipalities hereby agree to amend and restate the Metro Landfill (Southeast Expansion) Final Negotiated Agreement (the "Agreement") such that the Agreement, as restated and amended pursuant to this Amendment, will apply to the Interim Expansion.

NOW, THEREFORE, the parties hereto agree as follows:

1. Interim Expansion Area. The "Interim Expansion Area" is identified on Exhibit A hereto.

2. Active Fill Area. Active Fill Area as defined in Article I of the Agreement shall be amended by incorporating the attached Exhibit A into the Exhibit A which is already a part of the Agreement. The intent of this revision of Exhibit A is to include within the definition of the Active Fill Area the proposed Interim Expansion.

3. Affected Municipalities. Affected Municipalities as defined in Article I shall be amended to include Milwaukee County.

4. Expansion. Expansion as defined in Article I shall be amended to exclude, in addition to the volume approved for the Southeast Expansion, the anticipated design capacity of the proposed Interim Expansion but not to exceed an additional 3.5 million cubic yards of in place Solid Waste.

5. Background Information. Article II shall be amended to provide the appropriate references to the Interim Expansion. For example, Section 3 of Article II shall also incorporate the Initial Site Report, Feasibility Report and Plan of Operation for the Interim Expansion. Similarly, the design capacity, site life, proposed licensed area, etc. shall also be adjusted to incorporate the Interim Expansion.

6. Reimbursement for Negotiation Expenses. Section 2 of Article V shall be revised to clarify that the Operator shall also be required to pay any unreimbursed expenses of the Affected Municipalities and the Negotiating Committee or its members incurred as a result of the Affected Municipalities participating in the negotiating process pertaining to this Amendment.

7. Direct Payment. Provided that the Interim Expansion is approved by the Wisconsin DNR with a capacity of at least 3.5 million yards, the monthly Direct Payments as provided in Section I of Article VI shall continue to be paid for an additional six years (through May 2013). These monthly payments shall be subject to the terms, conditions and annual adjustments provided in Section I of Article VI. Also the payments shall be distributed to the Affected Municipalities according to the provisions of Section I of Article VI.

8. Effect on Agreement. All other terms and conditions of the Agreement shall remain in full force and effect.

METRO LANDFILL (Interim Expansion)
Negotiating Committee

By: _____

Its: _____

Dated: _____

WASTE MANAGEMENT OF WISCONSIN, INC.

By: _____

Its: _____

Dated: _____

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